Many universities in red for '70-'71, see same in '71-'72

WASHINGTON, D.C.—Some of the nation's major public-supported state universities report they wound up the last academic year with deficits in operating funds and that costs will again outstrip budgets in the current year.

In addition, more than half of the nation's principal state universities and land-grant colleges say they can hope to do no more this year than maintain the status-quo unless additional resources are found to deal with staggering and constantly escalating costs and needs.

The findings are disclosed in a new survey of the precise financial state of health of 99 multi-campus public institutions of higher education holding membership in the 84 year-old National Association of State Universities and Land-Grant Colleges.

Seventy-eight of these institutions responded to a detailed questionnaire circulated by the Association.

University of Maryland President Dr. Wilson Elkins, who also is President of the Association, commented that the study shows clearly that the financial crisis now buffeting U.S. higher education very definitely includes public universities and colleges.

"A great many of these institutions have been forced by the financial squeeze to resort to stopgap measures which could irreparably damage the fabric of public higher education in this country," Elkins said.

State universities and land-grant colleges reporting deficits in operating funds for the 1969-70 academic year included: The University of Alaska, Florida State University, Massachusetts Institute of Technology, and Cornell University — land-grant institutions which are private members of the Association—the University of Michigan, Rutgers, Southern University, the University of New Hampshire, Oklahoma State University, Tennessee State University, the University of Vermont and Virginia State College.

Among public institutions predicting they also will end up the current year in the red are Alabama A&M University, Massachusetts Institute of Technology, Cornett, University of Houston, University of Michigan, University of Maine, University of Alaska, Florida State University, Oklahoma State University, University of Vermont and Rutgers.

Highlighting the mounting financial crisis in higher education is the fact that up until five years ago, not a single public-supported university in the United States had an operating funds' deficit. The trend actually started in 1966-67 when the University of Nebraska reported an operating deficit for the year.

By 1968-69, the trend had developed into a full-scale decline when nine state universities and land-grant institutions ended up with operating deficits.

Some public universities are prevented by state law from running deficits. These institutions have therefore been forced to take extreme measures as a first step rather than a last resort. Others have had to dip into general reserve and endowment funds.

Although a number of pressured institutions have put general funds and savings to work to ease the financial bind, most working capital of this type already has been depleted, the Association study shows.

Some universities have been forced to borrow large sums of money for operating costs.

Pennsylvania State University, for example, has for the past two years resorted to private lending institutions to find funds to meet operating costs because state appropriations were not made in time to meet day-to-day expenses.

Pennsylvania State reports it has borrowed a total of $88.55 million which will cost the university in excess of $2 million in interest charges.

The University of South Carolina has been able to avoid a deficit only by dipping into unrestricted endowment principal, which it has used for operating expenses.

Rutgers and Cornell ended up with deficits last year even after going into endowment principal.

Massachusetts Institute of Technology reports it has had to borrow money for student loans and capital costs.

Universities also have tried to cope with financial pressures by instituting stringent economy measures.

Sixty-nine of the 78 universities responding to the Association survey report they have taken stopgap economy measures to help them stem the cost spiral.

In order of frequency mentioned, these included:

- Deferment of maintenance (44 institutions)
- Elimination of new programs (42 institutions)
- Faculty-staff freezes and cutbacks (40 institutions)
- Extension and research cutbacks (17 institutions)
- General reduction of expenditures (13 institutions)

Universities participating in the survey made the point that the three most frequently mentioned economy measures cannot be permitted to become a way of life if these institutions are to continue to maintain their pre-eminence as viable academic centers.

Deferment of maintenance is an easy first step in any economy wave. Yet extended reliance on this can lead to deterioration which serves only to worsen the overall picture.

The University of California reports that a backlog of major maintenance needs to arrest deterioration on its nine campuses now stands at $6 million and is mounting rapidly. The University also reports that efficient use of existing facilities often has been prevented due to a lack of funds for necessary alterations to restore or convert outdated classrooms, laboratories and libraries.

President Phillip R. Shriver of Miami University reports in the survey that there are now demonstrable needs on his Oxford, Ohio campus alone for at least a half million dollars in deferred maintenance.

In dealing with faculty and staff cutbacks, institutions in some cases have simply failed to fill positions as they have become vacant. Other universities report they have not been able to add badly-needed faculty members to teach increasing numbers of students.

The situation at South Dakota State University offers a dramatic illustration of the strains created by faculty and staff cutbacks. The University reports the actual head count of students on its campus has grown 105 per cent in the past decade but it has been able to increase the number of instructors by only 50 percent.

Faculty cutbacks have been accompanied by a curtailment in new programs, with 42 state universities reporting the elimination of new programs.

Universities surveyed also report they have carried out intensive examinations of priorities in efforts to cut back costs.

University of California at Los Angeles Chancellor Charles E. Young established special faculty committees to review a number of academic programs in the light of present and projected levels of state support. The committees were assigned to look for ways to save money through reduction, consolidation or elimination of programs.

President Willard Boyd of the University of Iowa called on every unit at the university to suggest ways of reducing existing expenditures by five percent while indicating the most critical new needs for the next biennium. President Robben Fleming of the University of Michigan also instituted a searching examination of all programs in order to come up with an overall three percent budget reduction for 1971-72.

The survey of financial problems at state universities and land-grant colleges revealed a growing list of pressing unmet needs at member institutions.

Topping the list are additional faculty, new programs, additional classrooms and faculty and staff salary increases essential to keep pace with the inflationary spiral in the cost of living, additional equipment, plant maintenance and research funds.

The outlook for public institutions is even more critical when enrollment trends are studied. Experts predict that in another decade from 10 to 12 million students will crowd into the nation's universities and colleges compared with 7.5 million today. Of these new students, at least 80 per cent are expected to enroll in tax-supported public institutions.

The new survey by the National Association of State Universities and Land-Grant Colleges points out that an analysis of all other sources of university revenue leads to the conclusion that the possibility of increased federal support is the least explored.

The facts disclosed in the survey indicate that federal aid directly to all institutions—private as well as public—for use in meeting operating costs would be the most desirable form for this type of support.

The survey results make it clear that unrestricted operating aid to institutions would best enable recipients to use the money where it is most needed. Some would apply funds to faculty salaries, some to innovative programs, some to interest on indebtedness, some to plant maintenance.

Today's hard-pressed universities stress that the flexibility of this kind of program could be its strongest feature.

Ag journalism funds available

Clayton Fund Scholarships will again be available this fall for agricultural journalism majors at Texas A&M.

Dr. R. C. Potts, associate dean of agriculture, said The Clayton Fund of Houston has authorized use of up to $5,000 for the awards to be made during the 1971-72 school year.

The dean said The Clayton Fund was funded by W. L. Clayton, founder of Anderson, Clayton & Company.